



PROVINCIAL CAPITAL COMMISSION

# Service Plan

for Fiscal Years 2011/12—2013/14



## TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
LETTER FROM THE CHAIR.....	2
ORGANIZATIONAL OVERVIEW.....	3
Enabling Legislation and Mandate	
Vision Mission Values	
Location of Operations	
Benefit to British Columbia Products and Services Provided	
Core Business Areas and Major Programs	
Partners, Clients and Stakeholders	
How Services are Delivered	
CORPORATE GOVERNANCE.....	4
STRATEGIC CONTEXT.....	6
GOALS, STRATEGIES, MEASURES AND TARGETS.....	7
<b>Goal 1:</b> British Columbians embrace and take pride in their Capital	
<b>Goal 2:</b> Effective management of property assets to optimize revenues and opportunities on a self-sustaining basis	
<b>Goal 3:</b> Sound governance and results-oriented management of the Provincial Capital Commission	
SHAREHOLDER'S LETTER OF EXPECTATIONS.....	14
SUMMARY FINANCIAL OUTLOOK.....	15
CAPITAL PLAN AND MAJOR CAPITAL PROJECTS.....	18

## EXECUTIVE SUMMARY

The PCC's 2011/12 — 2013/14 Service Plan is prepared in accordance with the Budget Transparency and Accountability Act.

This plan outlines the business environment in which our organization operates and defines our long-term goals and short-term priorities for the next three years. It also discusses the risks we face today and in the future, and the measures and targets we currently use to evaluate our performance. Specifically:

- **Section 2** of this Service Plan provides an overview of the PCC's vision, mission, values and business operations.
- **Section 3** describes the PCC's corporate governance, including details of the organization's governance structure and disclosure guidelines.
- **Section 4** sets the strategic context in which the PCC operates today and expects to operate in the future. This includes an overview of the shareholder's expectations and risks and opportunities that could affect planning and performance.
- **Section 5** outlines the PCC's goals, strategies, performance measures and targets.
- **Section 6** summarizes the financial outlook and key financial assumptions made for this 2011/12 — 2013/14 Service Plan.

## LETTER FROM THE CHAIR



January 28<sup>th</sup>, 2011

Honourable Stephanie Cadieux  
Minister of Community, Sport and Cultural Development

Dear Minister Cadieux:

This Service Plan sets out the objectives of the Provincial Capital Commission (PCC) for the 2011/12 fiscal year and the two years that follow. It takes into consideration the current business environment and the risks and opportunities we see ahead. It also sets out the metrics we have established to evaluate our performance against the current year's objectives.

The PCC operates on a self-sustaining business model, optimizing income from its property portfolio to fund its mandate of *Connecting and Celebrating the Capital with all British Columbians*. As we look ahead, we are mindful of the impact the current economic climate may have on our plan and business objectives. The PCC will seek long-term financial partnerships and cost sharing opportunities to further expand and diversify financial support for PCC programs.

The highly successful youth Travel Subsidy program is targeting to support over 7,500 British Columbia youth visits to the Capital, adding to the more than 20,000 youth to visit the Capital since the program was rolled out in 2006. The PCC has a long standing tradition of supporting a wide range of festivals and events in the Capital which align with our mandate. In 2011, the PCC will double the number of festival days it supports as new festivals are launched, including the International Buskers Festival. Festival support upgrades will provide the opportunity for higher recognition of the role the PCC plays in supporting key celebratory events in the Capital such as B.C. Day, Canada Day, National Aboriginal Day and harbour festivals such as the Victoria Dragon Boat Festival and the Classic Boat Festival.

Responsible stewardship of our property assets continues to be a top priority. Renovations that include seismic upgrading to the heritage CPR Steamship Terminal are in progress and scheduled for completion in 2011. We are optimistic that our search for new tenants for this building will provide uses that complement its heritage and location in the Capital's Inner Harbour, and restore and grow revenue streams essential to our Outreach programs. While the PCC is proud of its accomplishments in the restoration of treasured heritage buildings in the Capital, achieving Climate Action goals and long term capital planning of aging infrastructure remain a priority.

The Summary Financial Outlook reflects the temporary loss of tenant income from the CPR Steamship Terminal over 2010/11 and 2011/12 while the building is upgraded for the future. In particular, the forecast operating deficit for 2011/12 reflects a PCC commitment to sustain our Outreach programs by utilizing surplus earnings from prior years until CPR Steamship Terminal income is restored. Board renewal and staff succession planning will also continue to be a priority, ensuring the PCC continues to have the expertise and resources essential to achieving our Service Plan objectives.

Yours very truly,

A handwritten signature in black ink, appearing to read "Bill Wellburn". The signature is stylized and cursive.

Bill Wellburn FCA Chair

### Statement of Accountability

The 2011/12 — 2013/14 Provincial Capital Commission Service Plan was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. All significant assumptions, policy decisions, events and identified risks as of January 28, 2011 have been considered in preparing the plan. The performance measures presented are consistent with the PCC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of the PCC's operating environment, forecast conditions, risk assessment and past performance.

## ORGANIZATIONAL OVERVIEW

### Enabling Legislation and Mandate

The PCC is a Crown Corporation created in 1956. The PCC operates under the Capital Commission Act with authority that focuses primarily on real property and beautification throughout the Capital Improvement District. The legislated mandate was enhanced by direction from the Shareholder in 2003 to a province-wide scope engendering a sense of pride by all British Columbians in their Capital and province.

### Vision

Connecting and celebrating the Capital with all British Columbians.

### Mission

- Delivery of programs that connect British Columbians to their Capital and foster pride and awareness of the diverse cultures and rich history of their province
- Responsible stewardship of public assets
- A self-sustaining Crown corporation.

### Values

- Act with integrity by operating with openness, fairness and transparency
- Be respectful, inclusive and accessible
- Think, plan and act long-term
- Be socially responsible in everything we do by promoting long-term financial and economic sustainability, a healthy environment and the well-being of all citizens
- Balance the needs of the Capital and the province-wide mandate
- Recognize and support the diversity of British Columbia's cultures, landscapes and history
- Manage the balance between our heritage properties and our province-wide mandate.

### Location of Operations

The PCC's headquarters is located at 613 Pandora Avenue, Victoria, BC. A number of programs for schools and the general public are offered at St. Ann's Academy located at 835 Humboldt Street in Victoria, BC.

### Benefit to British Columbia

*The work of the PCC benefits the public by:*

- Connecting British Columbians with their Capital through innovative Outreach initiatives
- Taking the Capital to British Columbians and bringing British Columbians to the Capital
- Providing responsible and sensitive stewardship to many provincially owned properties and heritage buildings that celebrate the Capital.

### Products and Services Provided

*These include:*

- Programming to assist youth groups from across the province to visit the Capital
- Partnerships with businesses, not-for-profits and the tourism sector to boost awareness and visitation to the province's Capital
- Educational and research support for students and teachers.

### Core Business Areas

*The PCC has two core business functions:*

- Delivery of Outreach and Engagement programs that connect British Columbians with their Capital, and the Capital with all British Columbians
- Stewardship of our heritage, Inner Harbour and open space properties.

### Partners, Clients and Stakeholders

The PCC operates in an environment that includes other parties with mandated responsibilities, visions and interests including: municipalities, other government departments, First Nations, other agencies including the Greater Victoria Harbour Authority, Tourism Victoria, the Royal British Columbia Museum and the private sector.

### How Services Are Delivered

The PCC continues to deliver its services in a variety of ways: financial support for events in the Capital and regional events around the province, publications, on-line resources, strategic partnerships, and direct delivery by PCC staff.

## CORPORATE GOVERNANCE

The PCC has a 14-member Board of Directors pursuant to the Capital Commission Act. Eight members including the Board Chair are appointed by Order in Council to represent the Province at large. The remaining six are appointed by the four core municipalities of Greater Victoria (two from Victoria, two from Saanich, and one each from Oak Bay and Esquimalt). The Board of Directors governs the PCC under the Capital Commission Act. Day to day management of the PCC is delegated by the Board to the CEO.

The Board of Directors has adopted principles and policies that guide:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Accountability and performance

### Disclosure Guidelines

The PCC complies with the 12 disclosure requirements of the Best Practice Guidelines on Governance and Disclosure published by the Board Resourcing and Development Office. The disclosures include terms of reference for the Board and its committees, the Chair and the CEO. Director biographies, director attendance records, the number of board and committee meetings held during the year and Board minutes are also disclosed. This information can be found at: [http://www.bcpc.com/about\\_governance.php](http://www.bcpc.com/about_governance.php)

### Role of Board of Directors and Board Committees

#### **Board of Directors**

Approves the strategic direction and oversees the conduct of PCC business and activities of management.

**Chair:** Bill Wellburn

**Members:** Allan Cassidy, Jennifer Clarke, Chris Coleman, Jane Durante, David Everett, Christopher Fairbank, Lynda Hundleby, Lynn Hunter, Wayne Hunter, Russell Irvine, Dean Murdock, and William Oppen.

#### **Program Resource and Communications Committee**

Provides advice to management in developing PCC programs, oversees the implementation and effectiveness of programs and makes recommendations to the Board.

**Chair:** Jane Durante

**Members:** Jennifer Clarke, Christopher Fairbank, William Oppen, and Bill Wellburn (ex-officio).

**Key Management Resource:** Program Manager, Outreach and Engagement

#### **Finance & Audit Committee**

Oversees the PCC's real estate inventory, financial management and reporting, audit and enterprise risk management, and makes recommendations to the Board.

**Chair:** David Everett

**Members:** Allan Cassidy, Chris Coleman, Wayne Hunter, and Bill Wellburn.

**Key Management Resource:** Chief Financial Officer

#### **Governance Committee**

Reviews governance policies and procedures, oversees an annual evaluation of the Board, Board Chair and Board Committees, and makes recommendations to the Board.

**Chair:** Russell Irvine

**Members:** Christopher Fairbank, Lynda Hundleby, Lynn Hunter, and Bill Wellburn (ex-officio).

**Key Management Resource:** Chief Executive Officer

#### **Executive Committee**

Sets agendas for Board meetings and planning sessions, provides a forum for initial review of policy proposals and initiatives brought forward by management, provides oversight of human resource planning, leads the annual review of the CEO's performance and makes recommendations to the Board.

**Chair:** Bill Wellburn

**Members:** Jane Durante, David Everett, Russell Irvine.

**Key Management Resource:** Chief Executive Officer

## DIRECTORS AND SENIOR MANAGEMENT OF THE BC PROVINCIAL CAPITAL COMMISSION

DIRECTOR	POSITION	FROM	APPOINTED
Bill Wellburn	Chair	Victoria	Order in Council
Allan Cassidy	Director	District of Oak Bay	Municipal App.
Jennifer Clarke	Director	Vancouver	Order In Council
Chris Coleman	Director	City of Victoria	Municipal App.
Jane Durante	Director	Vancouver	Order in Council
David Everett	Director	Vancouver	Order in Council
Chris Fairbank	Director	Nelson	Order In Council
Lynda Hundleby	Director	Township of Esquimalt	Municipal App.
Lynn Hunter	Director	City of Victoria	Municipal App.
Wayne Hunter	Director	District of Saanich	Municipal App.
Russell Irvine	Director	Courtenay	Order in Council
Dean Murdock	Director	District of Saanich	Municipal App.
William Oppen	Director	Dawson Creek	Order In Council

## SENIOR MANAGEMENT

NAME	POSITION
Ray Parks	Chief Executive Officer
Rick Crosby	Chief Financial Officer and Director of Property Assets
Kris Andersen	Program Manager, Outreach and Engagement
Jan Norman	A/Corporate Secretary

## STRATEGIC CONTEXT

### Operating Environment

As a self-sustaining crown corporation, the PCC achieves its core business goals by optimizing revenues from its property assets to fund the delivery of Outreach programs and to sustain the ongoing operating and capital maintenance of its properties.

As a key Outreach strategy, the PCC will continue to seek financial partnerships, grants and cost sharing opportunities to further expand and diversify financial support for PCC programs while increasing the profile of the PCC in connecting and celebrating the Capital with all British Columbians.

A significant portion of property income is derived from tenants dependent on tourism. Optimizing use of property assets and modernizing leases has increased tenant income by approximately 70% since 2003. The seismic and structural upgrade of the CPR Steamship Terminal building will be completed in 2011. The anticipated temporary reduction in tenant income in 2011/12 is included in the financial outlook.

### Capacity

The PCC's core businesses are managed and delivered by a dedicated and talented staff. Contracted professional services are utilized for subject expertise and to supplement organizational capacity when required. Seasonal auxiliary staff is also used to support the operation of the St. Ann's Academy Interpretive Centre.

The anticipated transition of several government-appointed PCC directors and the CEO over the next three years, coupled with anticipated staff retirements, will continue to make succession planning a priority to ensure business continuity is maintained.

RISKS AND OPPORTUNITIES		
Key Strategic Issues	Status and Potential Impacts	Plans to Address Linkages to Goals and Measures
CPR Steamship Terminal building (CPT) seismic and structural Upgrade	Project costs, scope and scheduling are driven by federal/provincial funding requirements. Completion timelines have been relaxed beyond March 31, 2011 to facilitate project completion. Temporary reduction in tenant income in 2010/11 and 2011/12 is reflected in the Financial Outlook.	Goal 2 revenue targets have been adjusted for 2011/12 to align with revised self-sustaining financial outlook in support of Goal 3. CPT upgrades support a strategy of sound risk management practices for enhanced public safety and building preservation.
Seek financial partnerships from the private sector for Outreach programs	Potential opportunities under development in 2010/11 may be achieved in 2011/12 and future years. A preliminary target of \$150,000 would supplement Outreach program funding in the current Financial Outlook. Revenues recognition is contingent on Board approval of partner activation agreements.	This initiative links to Goal 1 to help meet the expected 20 – 30% annual growth in travel subsidy requests and thus free up resources for expanded programming targeted at communities not already reached by PCC programs.
Board and staff succession planning	Anticipated Board and CEO transition coupled with anticipated staff retirements through 2012/13 will present challenges in maintaining effective business continuity.	Effective succession planning in governance and operations is essential to achieving all Service Plan goals and performance targets.



## GOALS, STRATEGIES, MEASURES AND TARGETS

This section presents the PCC's goals and outlines how a corresponding set of specific strategies, targets and performance measures support the achievement of these goals. Our goals reflect our core business and as requirements, resources and priorities evolve, our strategies are refined to meet new challenges. Performance measures are used to track our progress and are also enhanced as new comparisons become available.

The PCC evaluates its performance measures to ensure they are meaningful, reflect PCC priorities and focus on the desired outcomes. The PCC continues to collect additional statistics on trends associated with awareness of the PCC and its roles and responsibilities, as well as familiarity with Victoria, our provincial Capital.



## GOAL ONE: British Columbians embrace and take pride in their Capital

This goal is to be achieved by creating a concept of the Capital as a historic and cultural centre of the province through strategies and programs that extend to all citizens of the province. During the period covered by this plan, the focus will be on Outreach to encourage British Columbians to develop a sense of pride in their Capital and whenever possible to participate in programs that connect the province to the Capital. The program delivery to achieve this goal will emphasize youth and children, history/heritage, culture, Aboriginal peoples and civic commitment.

### STRATEGIES

1. Continue to implement a series of Outreach programs and communications strategies to connect children and youth to their Capital and engage them in activities that manifest this connection
2. Reach out to Aboriginal peoples by developing new programs, facilitating opportunities and working in partnership with representative bodies
3. Continue to implement "signature programs" that will be strongly identified as the corporate mark of the PCC
4. Connect the regions to the Capital by providing the opportunities and support for having the Capital represented in the regions and a meaningful presence of the regions in the Capital
5. Seek continuous innovation to grow, refresh and maintain the vitality of new and/or existing programs.

PERFORMANCE MEASURES	TARGETS				
	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
1. Level of participation in PCC Outreach programs targeted for children and youth.	5634 youth travelled in 131 groups	7040 youth (25% increase) from 157 groups (19% increase)	10% increase in youth (7744) and groups (172)	8% increase in youth (8364) and groups (186)	5% increase in youth (8782) and groups (195)
2. Number of communities participating in PCC Outreach events and activities.	115 communities from all seven travel zones	97 communities (16% decrease) from all seven travel zones	100 communities (3% increase) from all seven travel zones	102 communities (2% increase) from all seven travel zones	103 communities (1% increase) from all seven travel zones
3. Participant assessment of the quality and effectiveness of PCC Outreach programs.	Target achieved <sup>1</sup>	Target achieved <sup>2</sup>	Maintain positive assessment at greater than 98%	Maintain positive assessment at greater than 98%	Maintain positive assessment at greater than 98%

#### NOTES

<sup>1</sup> 99% of adult leaders travelling in Spring 2009 and 100% of adult leaders travelling in Fall 2009 would recommend the Travel Subsidy Program to a colleague.

<sup>2</sup> 98% of adult leaders travelling in Spring 2010 and 100% of adult leaders travelling in Fall 2010 would recommend the Travel Subsidy Program to a colleague.

## **Performance Management Systems**

For British Columbians to embrace and take pride in the Capital, they need opportunities to connect with the Capital. The PCC has created and supported a broad range of projects in support of this vision. Reaching all parts of the province is a critical component of our Outreach strategies. Participation numbers and survey results for the travel program round out the performance measures for this goal.

The quantity and regional array of participating communities helps to demonstrate the impact of the programs the PCC offers. "Community" is defined as the mailing address city for a program participant or group. The number of participating communities is the cumulative total of PCC programs targeted to both students and the general public.

Participation in PCC programs directed at children and youth is reported as the actual number of youth who were funded through the Travel Subsidy program. Given our desire to reach youth in all corners of the province, our target is not merely an increase in the number of individual youth participating, but a growing geographic range of groups taking part in this program. Since the Travel Subsidy program uses seven travel zones across the province for administrative purposes, community representation in each of these zones is used to measure regional reach. While participation by groups and individuals is increasing in the travel program, fewer communities are represented as it is still cost prohibitive for many groups to travel significant distances to visit the capital and participation is affected by the ability to fundraise the portion of travel the subsidy program does not cover. Community participation in PCC programs is expected to increase in coming years as economic indicators improve and the PCC launches new province-wide programs.

To measure the quality and effectiveness of PCC Outreach programs, the PCC launched a survey directed at the adult leaders who utilized the Travel Subsidy program, the first major PCC Outreach program. The percentage of respondents who agree or strongly agree with the statement "I would recommend the Travel Subsidy Program to a colleague" is used for this measure. The feedback of adult leaders not only assesses the quality and effectiveness of the program but also the relevance of the program.

## **Benchmarks**

There are capital commissions in other jurisdictions, but comparison opportunities are limited. At the provincial level, these include provincial commissions for Quebec and New Brunswick; at the federal level, Canada's National Capital Commission and Australia's National Capital Authority. However, all of them receive significant government support, while the PCC is fully self-sustaining. In addition, those commissions based in Canberra, Ottawa and Quebec City are a great deal larger than BC's PCC, while the one in Fredericton is much smaller and has no property stewardship component. PCC staff monitors program offerings of these and other organizations to determine whether some useful comparisons can be derived.

We are aware of two jurisdictions which provide subsidies for students to travel to the Capital city. Australia and Fredericton, New Brunswick have similarly-structured per capita programs with the subsidy based on distance traveled. The Australian program is called the Parliament and Civics Education Rebate (PACER). It currently supports 30,000 students a year to travel to the national capital at Canberra, Australia. The New Brunswick "Capital Encounters" program was launched in 2009 and was modelled after the BC PCC's program.

## GOAL TWO: Effective management of property assets to optimize revenues and opportunities on a self-sustaining basis.

In order to achieve the goal of a financially viable, self-sustaining service delivery crown corporation, it is critical to ensure that assets and properties held in the public trust be dealt with in a manner that is consistent with responsible stewardship.

### STRATEGIES

1. Follow sound property management practices by implementing plans to optimize revenue and manage risks that could result in loss of value, revenue or cost exposure to the PCC through setting priorities for mitigation strategies considering cost/benefit implications and available resources
2. Rationalize property assets consistent with the PCC property plan and government direction
3. Develop plans and initiatives that support the government's Climate Action Strategy.

PERFORMANCE MEASURES	TARGETS				
	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
1. Annual revenues from all corporate assets.	\$3.6 million	\$3.3million	\$3.2 million	\$3.6 million	\$3.7 million
2. Climate Action Plan	Plan and progress report completed	Carbon neutrality achieved	Carbon neutral; report progress	Carbon neutral; report progress	Carbon neutral; report progress
a) Achieve carbon neutrality for green-house gas emissions (GHG's)	Plan and progress report completed	Carbon neutrality achieved	Carbon neutral; report progress	Carbon neutral; report progress	Carbon neutral; report progress
b) Reduce electrical consumption by 5% by December, 2011 from a baseline established in 2007 of 13.83 tons of carbon dioxide emissions (tco <sub>2</sub> ) <sup>1</sup>	Plan and progress report completed. Electrical consumption reduced by 5% from baseline (13.06 tons)	Electrical consumption reduced by 7% from baseline (12.86 tons)	Report progress	Report progress	Report progress

#### NOTES

<sup>1</sup> Kilowatt hours converted to tco<sub>2</sub> emissions to report electrical consumption.

**Performance Management Systems**

Systems for measuring performance targets on properties (Measure 1) are data specific. Revenues are captured through the Commission's corporate accounting system and reported through the annual audited financial statements. Data in measuring PCC performance in achieving Climate Action targets is being captured through the Shareholder's SMARTTool reporting system.

**Benchmarks**

Rents are based on industry standards and market rates for comparable spaces (office, storage, waterfront, etc). Management of parking lot assets is contracted to firms with appropriate expertise and resources with knowledge of local market rates and benchmark standards.

When the Province of BC passed the *Greenhouse Gas Reductions Target Act* in 2007, it committed to reducing greenhouse gas emissions to 33 per cent below 2007 levels by 2020 and 80 per cent by 2050. To ensure these legislated targets are met, the PCC will use 2010 and 2014 for emission reduction benchmarks of 5% and 18% respectively, based on the PCC's 2007 GHG emissions of 326 tonnes.

The primary benchmark of electricity consumption is the 2007 established baseline.

## GOAL THREE: Sound Governance and results-oriented management of the Provincial Capital Commission.

This goal is to be achieved through the efficient use of the PCC's resources, the accountability for the stewardship of those resources and by effectively fulfilling the PCC's mandate.

### STRATEGIES

1. Seek out and implement as appropriate best practices in corporate governance
2. Monitor enterprise-wide risk management
3. Maintain highest standards of management and financial reporting
4. Establish budget targets based on available financial resources
5. Evaluation of the Board, CEO and Board Chair.

PERFORMANCE MEASURES	TARGETS				
	Actual 2009/10	Forecast 2010/11	2011/12	2012/13	2013/14
Qualitative improvements in business processes and governance	7 qualitative improvements implemented <sup>1</sup>	8 qualitative improvements implemented <sup>2</sup>	To be reported annually	To be reported annually	To be reported annually
Corporate support and Governance as a % of operating revenues	14%	14%	15% <sup>3</sup>	< 15%	< 15%
Self-sustaining operations	Achieved surplus of \$51,144	Achieve plan	Achieve forecast	Achieve forecast	Achieve forecast

#### NOTES

<sup>1</sup> Records management enhancements, lease administration accounting enhancements, meetings scheduled to create travel efficiencies, electronic meeting material initiated, investment policy, board governance manual and business continuity plan (BCP) updated (22 cumulative since 2006/07).

<sup>2</sup> Board approved policy revisions, completed Board succession plan for expiring appointments and new appointments effective January 2011, implemented HST on PCC business operations effective July 1, 2010, updated parking meters at Ship Point and Belleville Port Facility to current Payment Card industry standards, implemented board approved realignment of PCC staffing plan, resolved IFRS status with Shareholder to move PCC to PSAB accounting standards effective April 1, 2011 as part of the Consolidated Reporting Entity, Board approved audit procurement policy and IT plan update.

<sup>3</sup> The 2011/12 increase reflects the temporary reduction in tenant income from the CPR Steamship Terminal Building.

**Performance Management Systems**

The PCC strives for continuous improvement in its business processes and governance, driven by the PCC's annual operating plan. Corporate support and governance as a percentage of operating revenues is reflected in the annual financial statements. The updated targets reflect efficiencies achieved compared to a baseline of 15%. Forecast percentages for 2010/11 and 2011/12 are sensitive to a temporary reduction in revenues due to seismic and structural upgrades to the CPR Steamship Terminal building. The achievement of self-sustaining operations is publicly reported through quarterly reports to the Board, the Service Plan Financial Outlook and the Annual Report containing the audited financial statements.

**Benchmarks**

The expense ratio of overhead costs against revenue is a general standard industry measure for assessing the operational efficiency of an organization. Public sector standards in Canada typically range from 15 to 40% depending on the nature of the service delivery.

## SHAREHOLDER'S LETTER OF EXPECTATIONS

### Government Direction

A Shareholder's Letter of Expectations sets out the respective roles and responsibilities of the Shareholder and the PCC and serves as the basis of agreement between the parties including high-level performance expectations, public policy issues and strategic priorities. The letter is posted on our website at: [http://www.bcpcc.com/about\\_docspubs.php](http://www.bcpcc.com/about_docspubs.php).

SHAREHOLDER'S LETTER	PCC ALIGNMENT
<b>Climate Change</b>	
<ul style="list-style-type: none"> <li>Comply with the Shareholder's requirements to be carbon neutral, including accurately defining, measuring, reporting on and verifying the greenhouse gas emissions from the Corporation's operations; implementing aggressive measures to reduce those emissions and reporting on these reduction measures and reduction plans; and offsetting any remaining emissions through the Pacific Carbon Trust, which will invest in greenhouse gas reduction projects outside of the Corporation's scope of operations;</li> </ul>	<ul style="list-style-type: none"> <li>The PCC is submitting annual progress reports to the Climate Action Secretariat in addition to public reporting of performance on Climate Action measures included in Goal 2 of the PCC's Service Plan</li> <li>Renovations to the CPR Steamship Terminal building, to be completed in 2011, include measures that will achieve efficiencies in energy consumption.</li> </ul>
<b>PCC Outreach</b>	
<ul style="list-style-type: none"> <li>Continue to work collaboratively with provincial, municipal and non-profit agencies on Outreach activities that create awareness of the Capital as a special place for all British Columbians, that honour First Nations' heritage and showcase the Capital;</li> </ul>	<ul style="list-style-type: none"> <li>The PCC continues to work in collaboration with various partners such as the Office of Public Education and Outreach at the BC Legislature, the BC Youth Parliament and the City of Victoria to name a few.</li> </ul>
<b>PCC Properties</b>	
<ul style="list-style-type: none"> <li>Work with the Ministry of Citizens' Services on highest and best use decisions related to the divestiture of non-core property assets (including consideration of the Shareholder's commitment to the New Relationship with First Nations, housing and transportation) and continue to divest non-core properties</li> <li>Continue to determine required capital maintenance to core PCC properties and identify funding strategies to address medium to long-term requirements;</li> </ul>	<ul style="list-style-type: none"> <li>The PCC is working with the Ministry of Citizens' Services as well as representatives of the Ministry of Aboriginal Relations and Reconciliation (MARR) on issues related to the PCC property inventory</li> <li>The long-term capital plan has been submitted to the Shareholder. The PCC continues to prioritize available resources for capital maintenance on a risk-based approach.</li> <li>The remaining balance of the operating contribution received from Transport Canada for Belleville Port Facility maintenance must be used by December, 2011.</li> </ul>
<b>PCC Governance</b>	
<ul style="list-style-type: none"> <li>Annually assess the Board appointment process to ensure that succession results in a balance of renewal and continuity of Board membership, and provide the results of this assessment to the Shareholder for consideration</li> <li>Work with the Ministry to draft new legislation that reflects the Corporation's goal of developing programs that encompass all British Columbians.</li> </ul>	<ul style="list-style-type: none"> <li>The PCC's Governance committee will continue to closely monitor and report on the skills matrix of the Board and develop competency criteria regarding credentials, knowledge and skills required for new Directors</li> <li>The PCC has prepared draft documentation for new legislation and will work with the Ministry regarding appropriate timelines for implementation.</li> </ul>



## SUMMARY FINANCIAL OUTLOOK

### Financial Performance and Key Assumptions

The PCC Summary Financial Outlook aligns available financial and staff resources to achieve the PCC's Service Plan vision and goals. The key assumptions are as follows:

- The outlook for revenues, expenses and investment in capital assets is based on self-sustainability
- Revenue projections take into consideration existing lease agreements, current capacity and permitted uses for PCC property assets
- Funding for Outreach is based on PCC self-sustainability and revenue projections from all corporate assets
- Service Plan goals are to be achieved within current staff capacity
- Forecast allowances for capital maintenance are based on available retained earnings capacity.

Recognition of proceeds from property dispositions are subject to Order in Council approval.

The objective of the financial outlook is to fully utilize revenue from the optimization of property assets to fund the delivery of Outreach programs, finance essential capital maintenance on PCC-owned properties, and rebuild retained earnings capacity.

<b>Financial Summary (\$ thousands)</b>	(1)	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
As at January 11 <sup>th</sup> , 2011		<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenue</b>						
Commercial Activities:						
Tenant income	(2)	2,408	2,125	1,915	2,435	2,475
Parking lots		753	710	740	750	755
St. Ann's Academy		138	120	125	125	125
Contributions:						
Operating - Port Facility		78	110	75	0	0
Capital - contributed assets		169	185	300	300	300
Investment Income		13	25	20	15	20
		<b>3,559</b>	<b>3,275</b>	<b>3,175</b>	<b>3,625</b>	<b>3,675</b>
<b>Expenses</b>						
Programs:						
Outreach expenses and administration		1,036	865	950	975	1,000
St. Ann's Interpretive Centre:						
Operating expenses and administration		270	260	265	265	265
Amortization		16	15	15	15	15
		<b>1,322</b>	<b>1,140</b>	<b>1,230</b>	<b>1,255</b>	<b>1,280</b>
Properties:						
Operating expenses		863	845	845	865	890
Property management and administration		433	490	490	490	490
Amortization		394	420	550	550	550
		<b>1,690</b>	<b>1,755</b>	<b>1,885</b>	<b>1,905</b>	<b>1,930</b>
Corporate Support and Governance:						
Corporate administration		403	350	370	375	375
Board and committee expenses		52	45	55	55	55
Amortization		41	35	35	35	35
		<b>496</b>	<b>430</b>	<b>460</b>	<b>465</b>	<b>465</b>
		<b>3,508</b>	<b>3,325</b>	<b>3,575</b>	<b>3,625</b>	<b>3,675</b>
<b>Excess (deficiency) of revenue over expenses from operations</b>		<b>51</b>	<b>(50)</b>	<b>(400)</b>	<b>-</b>	<b>-</b>
Property - land dispositions, net of expenses	(3)	53	50	-	-	-
<b>Total excess (deficiency) of revenue over expenses</b>		<b>104</b>	<b>5</b>	<b>(400)</b>	<b>-</b>	<b>-</b>
<b>Investment in Capital Assets</b>	(4)	<b>259</b>	<b>125</b>	<b>475</b>	<b>175</b>	<b>175</b>
(Net of third party contributions)						
<b>Retained Earnings (end of year)</b>	(5)	<b>993</b>	<b>1,125</b>	<b>500</b>	<b>600</b>	<b>700</b>
<b>Debt</b>	(6)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### NOTES

- (1) The Financial Summary to March 31, 2011 was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP). Effective 2011/12, financial information will be prepared in accordance with Public Sector Accounting Board (PSAB) standards.
- (2) The 2010/11 and 2011/12 forecast reflects a temporary revenue reduction from the CPR Steamship Terminal building due to seismic upgrading and rehabilitation, which is scheduled for completion in 2011.
- (3) Property dispositions are authorized by Order in Council.
- (4) In addition to Investment in Capital Assets funded from retained earnings, a further \$3 million has been committed by the federal and provincial governments for upgrades to the CPR Steamship Terminal building. In addition, a balance of approximately \$0.6 million remaining from the \$1.5 million received from Transport Canada in 2001 for Belleville Port Facility operating requirements must be used by December, 2011
- (5) Changes in retained earnings are reported through the Statement of Changes in Net Assets in the Commission's annual financial statements.
- (6) The Capital Commission Act does not provide for borrowing authority.

## FORECAST: RISK AND SENSITIVITIES

Area of Risk	Sensitivities	Financial Implications
Outreach Programs	Funding is linked to forecasts of revenue from all corporate assets.	Funding will be sensitive to future tenant income from the CPR Steamship Terminal building. Obtaining financial program partners from the private sector may offset the temporary loss of income and create more diversity in long term revenue sources.
Operating Revenue	<p>The CPR Steamship Terminal (CPT) building upgrades will temporarily impact tenant income.</p> <p>Tenant income is sensitive to building occupancy and rent from percentage of sales, where applicable.</p>	<p>Financial outlook for 2010/11 and 2011/12 reflects a temporary loss of income from CPT.</p> <p>The financial outlook reflects PCC plans to fully optimize rentable space in commercial buildings. Revenue from percentage of sales is conservatively forecast and recognized as received.</p>
Operating Expenses	Unanticipated emergency repairs or cost inflation on property expenses including utilities, insurance, repairs and maintenance.	Tenant income includes payments of additional rent for PCC property expenses on leased properties (\$0.4 million).
Investment in Capital Assets	Capital maintenance is sensitive to property risks, retained earnings capacity, and eligibility conditions of federal/provincial contributions.	All occupied heritage buildings have been seismically upgraded, with work on the CPR Steamship Terminal in progress and due for completion in 2011. Minor capital maintenance is focused on essential risk management based on available funding sources. Balance of federal funding held for the Belleville Port Facility must be utilized by December 2011.
Property Dispositions	Board-authorized dispositions of non-core properties are subject to Order in Council (OIC) approval.	Proceeds are recognized on OIC approval and completion of a sale transfer agreement.

## CAPITAL PLAN AND MAJOR CAPITAL PROJECTS

The PCC's property assets are located within the Capital region and have a current assessed value of \$118 million. The inventory includes heritage buildings, Inner Harbour ferry terminals, and development sites currently generating revenue as parking lots. The inventory also includes parks located in several municipalities, and greenspace along the Trans Canada Highway view corridor to the Capital. Detailed information on our property holdings is available on the PCC website at <http://www.bcpcc.com/properties.php>. Building remediation and capital maintenance is financed from the Commission's retained earnings, contributions from the federal and provincial governments, tenants and other third party agreements.

Capital projects over \$200,000 require authorization by Order in Council. From 2006 to 2010, the PCC has invested over \$4.5 million in capital asset maintenance, including seismic and structural upgrades to the Crystal Garden and 812 Wharf Street. Through 2013/14, the PCC is forecasting an additional \$4.5 million investment in capital assets which includes \$0.9 million from PCC retained earnings and \$3.6 million from third party contributions. This includes work currently in progress to complete seismic upgrading and renovations to the CPR Steamship Terminal funded by a federal/provincial contribution of \$3 million from the Infrastructure Stimulus Fund. A remaining balance of \$0.6 million in federal contributions received in 2001 for operating and capital maintenance of the Belleville Port Facility must be used by December, 2011 under the terms of the Transport Canada Contribution Agreement.

In the long term, the PCC is facing significant infrastructure requirements regarding its Inner Harbour property holdings. Within ten to fifteen years, it is estimated that up to \$20 million will be required to replace the aging timber wharves at Black Ball Ferry, Belleville Port Facility and Ship Point. Within the current financial outlook, ongoing repairs and maintenance to existing infrastructure will be funded from PCC retained earnings and third party contributions, as required.

## INFORMATION ON SUBSIDIARIES AND OPERATING SEGMENTS

The Provincial Capital Commission does not have any subsidiaries or operating segments

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